

Message Text

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E.O. 11652: N/A
TAGS: ETRD, OECD
SUBJECT: OECD AD HOC STEEL GROUP: MEETING FEB. 15-16

1. SUMMARY: FOURTH MEETING OF AD HOC STEEL GROUP
HEARD PRESENTATION BY INTERNATIONAL METALWORKERS
FEDERATION (PRESIDENT OF U.S. STEELWORKERS MCBRIDE
SERVED AS SPOKESMAN) ON STEPS NEEDED TO DEAL WITH WORLD
STEEL PROBLEMS. GROUP ALSO HAD EXCHANGE OF VIEWS ON
MEASURES TAKEN AND CONTEMPLATED BY U.S. AND EC, IN WHICH
LATTER TOOK ALMOST ALL COMPLAINTS. DELS AGREED THAT
FOR FUTURE SECRETARIAT SHOULD WORK ON DEEPENING ANALYSES
OF LONGER TERM SUPPLY/DEMAND OUTLOOK, PRICE QUESTIONS,
AND THE WORKING OF THE ADJUSTMENT PROCESS. NEXT MEET-
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ING WAS SCHEDULED FOR APRIL 25-26. END SUMMARY.

2. INTERNATIONAL METALWORKERS FEDERATION PRESENTATION:
LLOYD MCBRIDE, PRESIDENT OF U.S. STEELWORKERS, DELIVERED
I.M.FEDERATION CONSENSUS STATEMENT ON STEEL PROBLEMS.
NOTING PROFOUND AND PAINFUL CRISIS AFFECTING INDUSTRY,
MCBRIDE URGED GREATER EMPLOYMENT SECURITY AND CONCERTED

ACTION TO ADJUST NATIONAL TRADE POLICIES. HE STRESSED CUT-THROAT COMPETITION AS A MAJOR PROBLEM, NOTED DUMPING AND PROTECTIONISM WOULD PROVIDE NO VALID SOLUTION, AND ARGUED LABOR COULD NOT BE EXPECTED TO SHOULDER THE ADJUSTMENT BURDEN ON ITS OWN. FEDERATION SPOKESMAN MADE STRONG PLEA FOR HIGH LEVEL TRIPARTITE (EMPLOYERS, GOVERNMENTS, WORKERS) WORLD CONFERENCE TO TAKE DECISIONS TO DEAL WITH SITUATION. STATING THAT FREE MARKET SYSTEM IN STEEL INDUSTRY HAD FAILED, HE PRESENTED LONG LIST OF MEASURES TO BE CONSIDERED, INCLUDING ARRANGEMENTS FOR MARKETING WITH FAIR COMPETITION, INVESTMENT SURVEYS, STOCKPILING, AND A STEEL SECTORAL ARRANGEMENT, POSSIBLY IN THE GATT. IN ADDITION, MCBRIDE PROPOSED A SERIES OF SOCIAL MEASURES, FOCUSSED ON INCREASED PROTECTION OF WORKERS VIA EARLY RETIREMENT AND INCOME GUARANTEES, REDUCTIONS IN WORKING HOURS, AND INTERNATIONAL STANDARDS IN SHIFT WORK (COPIES OF STATEMENT BEING HAND CARRIED TO WASHINGTON BY U.S. DEL).

3. IN RESPONSE, CHAIRMAN WOOTTON INDICATED GROUP WOULD REFLECT CAREFULLY ON FEDERATION STATEMENT, NOTED NEED FOR FURTHER INTERGOVERNMENTAL WORK BEFORE IDEA OF MOVING TO TRIPARTITE FORUM COULD USEFULLY BE TAKEN UP, AND SUGGESTED GROUP AND TUAC MIGHT CONSIDER ANOTHER SESSION SOMETIME IN FUTURE. INDIVIDUAL DELS DID NOT LIMITED OFFICIAL USE

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SPEAK.

4. DISCUSSIONS IN TRILATERAL AND STEEL GROUP ITSELF PRIOR TO FEDERATION PRESENTATION REVEALED GENERALLY CAUTIOUS ATTITUDE BY DELS. CHAIRMAN WOOTTON INDICATED FEDERATION WAS VERY INSISTENT ON ITS IDEA FOR A TRIPARTITE WORLD STEEL CONFERENCE. U.S., EC AND JAPAN THOUGHT IT WAS PREMATURE TO CONSIDER SUCH A PROPOSAL, AND JAPANESE WERE ESPECIALLY RETICENT ABOUT INVOLVING LDC'S IN ANY OECD DISCUSSIONS ON STEEL. EC STATED THAT, CONTRARY TO FEDERATION ASSERTIONS, COMMISSION HAD NOT ENDORSED IDEA OF TRIPARTITE CONFERENCE AT EUROPEAN LEVEL

IN PLENARY, SWEDES(WITH SOME SUPPORT FROM NORWAY) URGED GROUP BE MORE FORTHCOMING, AND SUGGESTED AN INFORMAL OECD SYMPOSIUM ON TRIPARTITE BASIS INVOLVING LDC'S AS A COUNTERPROPOSAL TO FEDERATION IDEA. THIS BROUGHT FORTH CANADIAN STATEMENT THAT LABOR INPUT TO WORK OF OECD GROUP SHOULD BE MADE AT NATIONAL LEVEL, AND

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FURTHER JAPANESE REMARK ABOUT "POLITICAL" NATURE OF
ANY DECISION TO INVOLVE LDC'S.

5. MISSION COMMENT: MCBRIDE AND HIS STAFF HAD MEETING
WITH OECD SECRETARY GENERAL VAN LENNEP ON FEB. 15,
WHICH IS REPORTED BY SEPTTEL. IN THIS DISCUSSION THEY
DID NOT PROPOSE TRIPARTITE CONFERENCE BUT LAID HEAVY
STRESS ON NEED FOR A STEEL SECTOR ARRANGEMENT TO BE
NEGOTIATED IN THE GATT. IN PRIVATE REMARK TO US DEL
MCBRIDE ALSO STATED THAT US INDUSTRY IS NOT KEEN ON
IDEA OF A TRIPARTITE CONFERENCE. END MISSION COMMENT.

6. DISCUSSION OF MEASURES TAKEN: BOTH U.S. AND EC
OFFERED DISCRPTION OF MEASURES TAKEN. BRUNT OF
CRITICISM AND QUESTIONS WAS BORNE MAINLY BY EC.
COMMISSION REP (LOEFF) STRESSED RESTRUCTURING OF
INDUSTRY AS PRIMARY GOAL OF EC POLICY, AND DESCRIBED
PHASE II AS AN ATTEMPT TO OFFER PARTNERS REASONABLE
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ASSURANCE OF TRADITIONAL TRADE (WHICH EC THINKS DIFFICULT TO ACHIEVE UNDER ANTIDUMPING TYPE ACTIONS) IN RETURN FOR FAIR PRICING. LOEFF NOTED BILATERAL ARRANGEMENTS WERE FLEXIBLE AND COULD BE ADJUSTED IF IMPORTS WERE EITHER TOO HIGH OR TOO LOW. JAPAN SAID IT WAS NOT CONVINCED EC MEASURES WERE CONSISTENT WITH GATT ANTIDUMPING CODE, CRITICIZED CONFUSION OVER OUTSTANDING CONTRACTS, AND EXPRESSED CONCERN THAT PHASE II WAS NOT ADEQUATELY TIED TO EC RESTRUCTURING ACTIONS. AUSTRALIA ASKED SERIES OF POINTED QUESTIONS ABOUT EC ATTITUDE ON PRICING OF ITS OWN EXPORTS, WHY ARTICLE XIX ACTION WAS NOT TAKEN, EFFECT OF HIGHER PRICES ON EC STEEL USERS, AND RESTRUCTURING PROGRAM. LOEFF IGNORED MOST OF THEM AS "TECHNICAL," BUT AGREED TO SHARE COMMISSION'S THOUGHTS ON RESTRUCTURING AS THEY BECAME CLEARER. U.S. NOTED IMPORTANCE OF ADHERING TO EXISTING INTERNATIONAL RULES, AVOIDING QR'S AND CARTELIZATION, AND ACCOMPANYING ACTIONS BY RESTRUCTURING ACTIVITY. LAST POINT WAS ECHOED BY NUMBER OF DELS, FINNS SAID THEY MIGHT HAVE TO IMPLEMENT SURVEILLANCE TYPE SYSTEM FOR STEEL IMPORTS.

7. OTHER THAN GENERAL STATEMENTS OF CONCERN BY SMALLER COUNTRIES ABOUT POSSIBLE VOLUME AND DIVERSION EFFECTS OF ANTIDUMPING ACTIONS, U.S. EXPLANATION OF TRIGGER PRICE MECHANISM ELICITED FEW COMMENTS. JAPAN SIMPLY EXPRESSED HOPE THAT U.S. SCHEME WOULD NOT DISTURB CUSTOMARY TRADE FLOWS, WOULD REDUCE PROTECTIONIST PRESSURES, AND THAT U.S. ADJUSTMENT MEASURES WOULD BE EFFECTIVE.

8. FUTURE WORK: GROUP READILY AGREED TO LIST OF AREAS SUGGESTED BY U.S. DEL AND CHAIRMAN WHERE ANALYSIS SHOULD LIMITED OFFICIAL USE

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BE DEEPEENED. THESE WERE A) LONG TERM SUPPLY/DEMAND PICTURE, INCLUDING EVOLUTION OF COMPARATIVE ADVANTAGE B) THE WORKING OF THE ADJUSTMENT PROCESS, C) PRICING QUESTIONS. GROUP AGREED TO MEET AGAIN APRIL 25-26. SECRETARIAT INDICATED IT MAY SCHEDULE MEETING OF EXPERTS APRIL 24 FOR PRIOR REVIEW OF TECHNICAL ASPECTS

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OF SECRETARIAT ANALYSIS OF DATA GATHERED UNDER INFORMA-
TION SYSTEM.

9.EC/SWEDEN AGREEMENTS: U.S. DEL SPOKE PRIVATELY TO
SWEDES ABOUT STATUS OF EC/SWEDEN NEGOTIATIONS.SWEDES
CONFIRMED THEY WOULD SOON EXCHANGE LETTERS WITH EC,
AND SAID THERE WOULD BE NO REPEAT NO UNDERSTANDING ON
QUANTITY, EVEN TO EXTENT OF BEING OBLIGED TO "CONSULT"
IF EXPORTS EXCEED 1976 LEVELS. SWEDES ARE TO BEHAVE,
HOWEVER, AS IF THEY WERE WITHIN EC AS REGARDS EC
GUIDANCE PRICES, AND WILL HAVE SAME ALIGNMENT RIGHTS
RE IMPORTS AS DO EC FIRMS.

10. JAPANESE EXPORTS TO U.S.: AT A LUNCHEON BETWEEN
LLOYD MCBRIDE AND VICE PRESIDENT OF JAPANESE STEEL-
WORKERS UNION (KOMATSU) MCBRIDE ASKED IF THERE WAS ANY
FOUNDATION TO RUMOR THAT JAPAN WILL REDUCE ITS EXPORTS
TO U.S. IN 1978 TO FIVE MILLION TONS. KOMATSU SAID
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THIS WAS UNDER CONSIDERATION, DEPENDED ON WHAT
EUROPEANS DID, AND WOULD NOT BE DECIDED UNTIL APRIL.
JAPANESE DEL (TAKAHASHI) WHEN QUERIED LATER BY U.S.
DEL DENIED THERE WAS ANY GOJ CONSIDERATION OF CUTTING
EXPORTS TO FIVE MILLION TONS, BUT NOTED GOJ AND

JAPANESE STEELWORKERS WOULD CONTINUE TO BE CAUTIOUS
ABOUT LEVEL OF STEEL EXPORTS TO THE U.S.
KATZ

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